



Department of Housing and Urban Development
Public and Indian Housing

Special Attention:
Public Housing Field Office Directors;
Troubled Agency Recovery Center Directors

Notice PIH 2001-5 (HUD)

Issued: January 19, 2001
Expires: January 31, 2002

Subject: Guidance for Implementation of Direction Contained
in the Conference Report 106-988 for the Department's Fiscal
Year 2001 Appropriations Act

1. Purpose This notice provides guidance for implementation of the direction contained in the Conference Report 106-988 for the Department's fiscal year 2001 Appropriations Act which directs the Department not to take adverse action against a public housing authority based solely on its Public Housing Assessment System (PHAS) score pending the submission of information to the Congress.

2. Applicability This notice applies to the public housing program.

3. Summary In accordance with the conference committee report for the Department's fiscal year 2001 Appropriations Act, HUD will not take any adverse action against PHAS solely on the basis of Public Housing Assessment System (PHAS) scores.

4. Background

On January 11, 2000 (65 FR 1712), HUD issued a final rule, as amended June 6, 2000 (65 FR 36042), that made certain amendments to the PHAS regulation. The PHAS was implemented by final regulation published on September 1, 1998. The amendments published to the PHAS regulation on January 11, 2000, followed a proposed rule published on June 22, 1999, and were prompted by both statutory and administrative changes to the PHAS.

In the Public Housing Assessment System (PHAS): Technical Correction, dated June 6, 2000, HUD amended Section 902.5(b) of the final PHAS rule to provide that the PHAS regulation is applicable to PHAS with fiscal years ending on and after June 30, 2000. Accordingly, HUD began issuing official PHAS scores for all PHAS with fiscal years ending on or after June 30, 2000. In addition, pursuant to Section 902.67 of the final PHAS rule, PHAS receive a status designation that corresponds to their final PHAS score.

In the Conference Report 106-988 for the Department's Fiscal Year 2001 Appropriations Act, the conferees directed the Department to continue to assess the accuracy and effectiveness of the PHAS system and to take steps that may be needed, including implementing the recommendations made by the Government Accounting Office in its July 2000 report. The conferees specifically directed HUD to revise the April 2000 quality assurance plan to ensure that the quality assurance activities will provide HUD with the information to evaluate (1) inspection contractors' compliance with provisions in their contracts and quality control programs; (2) inspectors' performance in applying HUD's inspection protocol; (3) the accuracy of the inspections and resulting scores; and (4) the performance of the program as indicated by the precision and replicability of the inspection protocol. Further, the conferees directed HUD to perform a statistically valid test of PHAS, conduct a thorough analysis of the results, and have the methodology and results reviewed by an independent expert. The conferees asked the Department to provide a report to the Committees on Appropriations by March 1, 2001, describing the results of these reviews and the steps taken to improve the accuracy and reliability of PHAS. The report concluded by stating "[i]n the interim, HUD should not take any adverse actions against housing authorities solely on the basis of the PHAS scores."

The Department has determined that it is in the best interests of the affected parties to follow the direction of the conferees. Accordingly, this notice provides that pending the submission of the requested information to the Appropriations Committees, HUD will not take adverse action against housing authorities solely on the basis of the PHAS scores.

"Adverse action" is defined as troubled designations based upon the official PHAS composite score. Notwithstanding the automatic designations generated by the Department's technological systems, all official troubled/substandard designations (with the exception of substandard management operations indicator designations) will be held in abeyance pending the submission of the requested information to the Appropriations Committees. Because the management operations indicator (MASS) has served as the sole assessment for public housing agencies with fiscal years ending September 30, 1999, December 31, 1999, and March 31, 2000, and MASS is a derivative of the Public Housing Management Assessment

Program, the Department's longstanding official assessment tool, this moratorium does not apply to substandard designations that have been or may be made based solely upon MASS.

If you have any questions concerning this notice, you may contact Judy Wojciechowski, U. S. Department of Housing and Urban Development, 1280 Maryland Avenue, SW, Suite 800, Washington DC, 20024.

_____/s/_____
Harold Lucas
Assistant Secretary for
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